



MINUTES

LAFCO REGULAR MEETING

Wednesday, December 13, 2006, 9:00 a.m.

Planning Commission Hearing Room, Hall of Administration

10 Civic Center Plaza

Santa Ana, CA

(Any member of the public may request to speak on any agenda item at the time that item is being considered by the Commission.)

1. CALL TO ORDER

Chair Robert Bouer called the regular meeting of the Local Agency Formation Commission (LAFCO) to order at 9:05 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Bill Campbell led the pledge of allegiance.

3. ROLL CALL

The following commissioners and alternates were present:

- **Commissioner Robert Bouer**
- **Commissioner Bill Campbell**
- **Commissioner Peter Herzog**
- **Commissioner Arlene Schafer**
- **Commissioner Susan Wilson**
- **Commissioner Tom Wilson**
- **Commissioner John Withers**
- **Alternate Commissioner Charley Wilson**

The following LAFCO staff members were present:

- Legal Counsel Clark Alsop
- Executive Officer Joyce Crosthwaite
- Assistant Executive Officer Bob Aldrich
- Project Manager Carolyn Emery
- Office Manager/Commission Clerk Amy de la Roza
- Administrative Assistant Daphne Charles

4. APPROVAL OF MINUTES

November 8, 2006 – Regular Commission Meeting Minutes

MOTION: Approve minutes from November 8, 2006, as presented and without revision (Arlene Schafer)
SECOND: Peter Herzog
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Commissioner Patsy Marshall arrives at the meeting at 9:10 a.m.

5. PUBLIC COMMENT

Chair Bouer requested public comments on any non-agenda item. Receiving no comments, he then closed the public comment agenda.

6. CONSENT CALENDAR

December 13, 2006, Quarterly Legislative Report

MOTION: Approve consent calendar (Bill Campbell)
SECOND: Susan Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

7. PUBLIC HEARING

The hearing is being held to discuss the results of the Municipal Service Review (MSR)/Spheres of Influence (SOI) Report for Central Orange County dated November 20, 2006. Staff presented the findings and recommendations detailing desired action for:

- ✓ The City of Anaheim
- ✓ The City of Fountain Valley
- ✓ The City of Garden Grove
- ✓ The City of Santa Ana
- ✓ The City of Stanton
- ✓ The City of Westminster
- ✓ The Garden Grove Sanitary District
- ✓ The Midway City Sanitary District

Item 7.a.—Central Orange County MSR Report

Project Manager Carolyn Emery briefly summarized the staff report related to the Central Orange County Municipal Service Review (MSR). She stated staff continues to improve the process for conducting MSRs and the Central Orange County MSR process involved four phases. She added that staff did not identify any short or long term service related issues for the MSR focus area. However, it was noted that issues related to governance structure options for the area were raised. Project Manager Emery concluded that the City of Santa Ana did not participate in the MSR process but recently contacted staff and indicated that the City will provide information which will be added as an addendum to the report. She pointed out the addendum would not be brought back to the Commission for consideration. She recommended that the Commission receive and file the service review report and adopt the nine determinations related to the MSR.

Chair Bouer opened the public hearing for agenda item “7.a”. Receiving no comments he then closed the public hearing.

MOTION: Approve staff recommendations as presented for the MSR Report for Central Orange County (Arlene Schafer)
SECOND: Charlie Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

At the request of the Midway City Sanitary District, the Commission changed the agenda order for the remaining public hearing items. Agenda items 7.g. and 7.i. were moved as the next items of business to be followed by the remaining items as so ordered. No objections to the re-ordering of the agenda were noted.

Item 7.g.—City of Westminster Sphere of Influence (SOI) Review

Project Manager Emery presented the staff report. She reviewed the potential sphere adjustment for the city to include a small, unincorporated island located at Beach and McFadden sandwiched between the cities of Westminster and Huntington Beach. She added the area is currently with the City of Huntington Beach sphere and receives water services from Westminster and sewer services from the Midway City Water District. She concluded that staff is currently working with both cities regarding the potential sphere adjustments. Project Manager Emery recommended the Commission adopt staff recommendations as indicated in the staff report continuing the hearing for review of the Westminster sphere of influence to March 2007.

MOTION: Approve staff recommendations as presented for the SOI for the City of Westminster (Bill Campbell)
SECOND: Tom Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Item 7.i.—Midway City Sanitary District Sphere of Influence Review

Ms. Emery presented the staff report. She reviewed the District's existing service and sphere boundaries and added there are no significant changes in land use or extension of public facilities or services anticipated. Project Manager Emery recommended the Commission adopt staff recommendations as noted in the staff report reaffirming the Midway City Sanitary District's sphere of influence.

In response to **Commissioner Campbell's** question regarding the contract holder for the solid waste contract administered by the District, a District representative indicated Midway City Sanitary District contracts with Rainbow Disposal for the service.

Chair Bouer opened the public hearing for agenda item "7.i". Receiving no comments, he then closed the public hearing.

MOTION: Approve staff recommendations as presented for the MSR and SOI for the Midway City Sanitary District reaffirming the District's sphere of influence (Arlene Schafer)
SECOND: Susan Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Item 7.b.—City of Anaheim Sphere of Influence Review

Project Manager Emery presented the staff report. She reviewed the City's existing service and sphere boundaries and added that there are no significant changes in land use or extension of public facilities or services anticipated. Project Manager Emery recommended that the Commission adopt staff recommendations as noted in the staff report reaffirming the City of Anaheim's sphere of influence.

Chair Bouer opened the public hearing for agenda item "7.b". Receiving no comments, he then closed the public hearing.

MOTION: Approve staff recommendation as presented reaffirming the Anaheim SOI (Tom Wilson)
SECOND: Bill Campbell
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Item 7.c.—City of Fountain Valley Sphere of Influence Review

Ms. Emery presented the staff report. She reviewed the City's existing service and sphere boundaries and added there are no significant changes in land use or extension of public facilities or services anticipated. Project Manager Emery recommended that the

Commission adopt staff recommendations as noted in the staff report reaffirming the City of Fountain Valley's sphere of influence.

Commissioner Campbell asked if there was any discussion regarding the annexation of the two islands. Staff responded that a fiscal analysis of annexation to the City was completed in 2003, but there have not been recent discussions about annexation. Ms. Emery added that infrastructure issues involving these areas have been raised during past discussions. **Commissioner Campbell** asked about the island acreage and staff responded that the North Island was approximately 21 acres and the other was similar in size. The North Island is all industrial and the other includes residential and commercial.

Chair Bouer opened the public hearing for agenda item "7.c". Receiving no comments he then closed the public hearing.

MOTION: Approve staff recommendations as presented reaffirming the
SOI for Fountain Valley (Tom Wilson)
SECOND: Arlene Schaffer
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer,
Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Item 7.d.—City of Garden Grove Sphere of Influence Review

Project Manager Emery presented the staff report. She reviewed the City's existing service and sphere boundaries and added there are no significant changes in land use or extension of public facilities or services anticipated. Project Manager Emery recommended that the Commission adopt staff recommendations as noted in the staff report reaffirming the City of Garden Grove's sphere of influence.

Chair Bouer opened the public hearing for agenda item "7.d.". Receiving no comments, he then closed the public hearing.

Commissioner Campbell requested clarification on an unlabeled area adjacent to the City's boundary. Ms. Emery identified the area as the City of Stanton. **Commissioner Susan Wilson** asked about the history of the Stanton boundaries. Staff responded that there would be a discussion on Stanton's boundaries later in the agenda.

MOTION: Approve staff recommendations as presented reaffirming the
SOI for the City of Garden Grove (Bill Campbell)
SECOND: Arlene Schaffer
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer,
Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Item 7.e.—City of Santa Ana Sphere of Influence Review

Project Manager Emery presented the staff report. She stated that the City's sphere includes one small unincorporated island and LAFCO's Executive Officer is working with the City of Santa Ana regarding annexation. She added there are no significant changes in land use or extension of public facilities or services anticipated for the City's existing service and sphere boundaries. Project Manager Emery recommended that the Commission adopt staff recommendations as noted in the staff report reaffirming the City of Santa Ana's sphere of influence.

Chair Bouer opened the public hearing for agenda item "7.e". Receiving no comments, he then closed the public hearing.

Commissioner Schafer inquired about the City's population and staff responded the number was approximately 350,000. **Commissioner Campbell** inquired about where most of the data for Santa Ana came from since the City was not an active participant in the study. Staff responded that the data came from websites and other resources. **Commissioner Campbell** asked if the City of Santa Ana staff was aware of the report and in agreement with the recommendations being made. Staff noted that the City was kept informed and aware of the process.

Project Manager Emery presented the staff report. She reviewed the City's existing service and sphere boundaries and added that there are no significant changes in land use or extension of public facilities or services anticipated. Project Manager Emery recommended that the Commission adopt staff recommendations as noted in the staff report reaffirming the City of Garden Grove's sphere of influence.

Chair Bouer opened the public hearing for agenda item "7.d". Receiving no comments, he then closed the public hearing.

MOTION: Approve staff recommendations as presented reaffirming the SOI for the City of Santa Ana (Tom Wilson)
SECOND: Arlene Schaffer
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Item 7.f.—City of Stanton Sphere of Influence Review

Project Manager Emery presented the staff report. She stated that the City's sphere includes four, small, unincorporated islands. She added there are no significant changes in land use or extension of public facilities or services anticipated for the City's existing service and sphere boundaries. Project Manager Emery recommended that the Commission adopt staff recommendations as noted in the staff report reaffirming the City of Stanton's sphere of influence.

Chair Bouer opened the public hearing for agenda item “7.f”. Receiving no comments, he then closed the public hearing.

Chair Bouer wanted to know if there was interest in annexation and staff responded there was not. Staff added there are some significant infrastructure and code enforcement issues within these areas that need to be addressed before annexation. The City has discussed those issues with the County in the past. **Commissioner Susan Wilson** again expressed interest in the history of Stanton’s boundaries. **Commissioner Campbell** indicated that the County Archivist prepared an interesting report on the history of the City of Stanton which he asked staff to obtain to share with the Commission.

Commissioner Herzog provided a summary background of the collaborative effort that included LAFCO, the County and League of Cities regarding annexation of the unincorporated areas. He added that through this effort it was determined that the best service provision is through annexation of these areas to adjacent cities and this finding was recently reaffirmed.

Commissioner Bouer asked why there is so much resistance to annexation.

Commissioner Herzog responded that resistance is due to resident opposition which can be attributed to a misunderstanding of what will happen after annexation. He added that the other issue involves the fiscal challenges involved in annexation of unincorporated islands.

Commissioner Susan Wilson asked why certain areas are not interested in annexation.

Commissioner Tom Wilson responded that it is not feasible for the County to continue to provide service to those areas; however, cities and residents may want current service provision to remain the same. He added the County has offered incentives to cities to annex these areas. He added that the County does not want to be in the municipal services business.

Commissioner Campbell stated there has been progress regarding some of the challenges with annexing the unincorporated areas. He pointed out that he is currently working with the City of Orange regarding annexation of an area that is currently within a redevelopment project area. He added that when issues such as those mentioned are addressed, annexation can be moved forward.

MOTION: Approve staff recommendations as presented reaffirming the
SOI for the City of Stanton (Peter Herzog)
SECOND: Susan Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer,
Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Item 7.h—Garden Grove Sanitary District Sphere of Influence Review

Project Manager Emery presented the staff report. She reviewed the District's existing service and sphere boundaries and added there are no significant changes in land use or extension of public facilities or services anticipated. Project Manager Emery recommended that the Commission adopt staff recommendations as noted in the staff report reaffirming the Garden Grove Sanitary District's sphere of influence.

Chair Bouer opened the public hearing for agenda item "7.h". Receiving no comments, he then closed the public hearing.

MOTION: Approve staff recommendations as presented reaffirming the
SOI for the Garden Grove Sanitary District (Tom Wilson)
SECOND: Susan Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer,
Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Commissioner Susan Wilson extended her congratulations to Project Manager Emery on doing such a great job and covering so many issues in the allotted time frame.

Commissioner Campbell asked how many MSR's were pending. Joyce Crosthwaite responded there are two multiple agency MSR's—one for 12 agencies in South County and the Northwest Orange County MSR which includes six agencies. She added that other MSR's include Mesa Consolidated Water District, Costa Mesa Sanitary District and the City of Tustin. She added that the approximately 20 agencies should be completed by June 2007. **Commissioner Campbell** stated the original legislation required it to be done by January 2008 and it is a positive reflection on staff that so much is done within this time frame, given the complexity of the issues.

8. COMMISSION DISCUSSION AND ACTION

8.a—Selection of July 2007 Meeting Time and/or Location

Executive Officer Joyce Crosthwaite reported staff recently learned that the hearing rooms in Building 10 will be under construction from July 5 through July 13, 2007. Therefore, the regularly scheduled July 11th hearing will need to occur on a different date or at a different location. She recommended that the July 11th hearing date be changed to July 18, 2007, so that the same location could be used. It was questioned if rooms would be ready on the 18th, and staff responded an alternative room would be scheduled should the room not be ready for us on the 18th.

The Commission received a reminder of the January meetings. Staff stated that there will be two meetings, January 10th to consider the Los Alamitos Sphere Review and the Strategic Planning Session which will take place on January 26th at the Irvine Ranch Water District, 9 a.m. to 12 noon. Executive Officer Crosthwaite stated that a service review on LAFCO has been distributed to all districts and cities with a request for feedback. The service review on LAFCO, along with the work plan for the first half of 2007 will be presented at the strategic planning session.

Staff noted it is anticipated the appointment of the new County LAFCO Commissioners will be done prior the first January meeting. **Commissioner Campbell** indicated the appointments would be made.

MOTION: Approve staff recommendations as presented for the change of July 2007 meeting time (Arlene Schafer)
SECOND: Peter Herzog
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

8.b—Authorization for Executive Director to contract with Dudek Engineering

Executive Officer Joyce Crosthwaite presented the staff report which proposes to use the salary saving to hire consultants to assist with conducting and completion of municipal service reviews. She indicated with recent staff changes and the January 2008 statutory deadline looming, staff was in need of support to prepare draft reports. The Dudek contract is a not-to-exceed amount of \$ 60,000 which is offset by salary savings. Staff recommends ratification of the contract with Dudek Engineering.

Commissioner Susan Wilson asked if an engineering firm is qualified to assist with completion of municipal service reviews. Executive Officer Crosthwaite responded that Dudek also provides services related to public policy and planning and has also worked with several other LAFCOs throughout the state. She added while the consultants will assist in writing of the MSR reports, staff will continue to be the face for LAFCO working directly with the stakeholders.

Commissioner Withers added that he is familiar with Dudek and Carolyn Schafer and she is more than capable of providing consulting services to LAFCO.

MOTION: Approve staff recommendations as presented for the ratification of the Dudek Engineering contract not to exceed \$ \$ 60,000 (Arlene Schafer)
SECOND: Susan Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

8.c—Authorization for Executive Director to approve funding and plan changes to the Retiree Medical Plan and Health Insurance consistent with changes implemented by the County of Orange who carry LAFCO benefits.

Assistant Executive Officer Bob Aldrich stated that the County has made a change to the retiree medical plan both in how it is funded and the benefits paid out to County employees. He added that because we contract with the County for employee benefits, County Human Resources has requested LAFCO adopt these changes so our benefits

package is the same as County Employees. Staff stated the enactment of changes is required in order for the County of Orange to continue to provide LAFCO benefits.

The meeting was interrupted for 10 minutes due to a fire alarm. Meeting reconvened to agenda item 8.C.

Staff restated staff recommendations and added that if the Commission does not approve changes, the County will not longer provide benefits to LAFCO personnel.

MOTION: Approve staff recommendations for other funding and plan changes to the Retiree Medical Plan (Tom Wilson)
SECOND: Bill Campbell
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

8.d—Election of New Officers for LAFCO for 2007

Chair Bouer thanked everyone for their help and kindnesses shown during his tenure as chair. He commended staff for their great work, and expressed appreciation to fellow Commissioners.

Chair Bouer nominated **Vice-Chair Bill Campbell** as Chair.

MOTION: Approve nomination of Bill Campbell as Chair of LAFCO for 2007 (Robert Bouer)
SECOND: Arlene Schafer
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Commissioner Arlene Schafer nominated **Commissioner John Withers** as Vice-Chair.

MOTION: Approve nomination of John Withers as Vice-Chair of LAFCO for 2007 (Arlene Schafer)
SECOND: Bill Campbell
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Vice-Chair John Withers thanked the Commission and indicated he looked forward to working with **Commissioner Campbell** as the Chair, and his other fellow Commissioners.

Chair Campbell indicated he was honored to be selected to Chair the Commission and expressed that he also looked forward to working with fellow Commissioners and staff.

10. COMMISSIONER COMMENTS

Executive Officer Joyce Crosthwaite introduced Amy de la Roza as LAFCO's new Office Manager/Commission Clerk. The Commission welcomed Ms. de la Roza, who expressed t she was pleased to meet the Commission and looking forward to supporting them.

The Commission expressed gratitude to **Commissioner Tom Wilson** for his service as a LAFCO Commissioner. **Commissioner Tom Wilson** responded that he is thankful for the opportunity to serve. **Commissioner Susan Wilson** thanked him for the difference he has made, not only to the County, but also to the state. The Commission presented him with a plaque in recognition of his service.

Chair Campbell thanked outgoing **Chair Bouer** for his past year of service as LAFCO Chair. He commended him for chairing and controlling often difficult public meetings very well and presented **Chair Bouer** with a plaque for his service.

The Commission recognized Administrative Assistant Daphne Charles for nine years of service to LAFCO. Ms. Charles will be leaving her position at the end of the month. The Commission presented Ms. Charles with a resolution and thanked her for her service.

11. INFORMATION ITEMS & ANNOUNCEMENTS

The Commissioners and staff were invited to stay for refreshments.

12. CLOSED SESSION

There was no closed session.

13. ADJOURNMENT

Chair Campbell adjourned the meeting at 10:25 a.m.

* * * * *

BILL CAMPBELL

Chair

Orange County Local Agency Formation Commission

By: _____

Amy de la Roza

Commission Clerk